

# SENATE BILL REPORT

## SB 5729

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 22, 2007

**Title:** An act relating to public health funding.

**Brief Description:** Providing dedicated funding for public health services.

**Sponsors:** Senators Franklin, Brandland, Keiser, Kline, Rasmussen, Marr, Hargrove, Kastama, Murray, Fairley, Kohl-Welles, Hatfield, Regala, Jacobsen, Poulsen and Parlette.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/07/07, 2/22/07 [DPS-WM].  
Ways & Means: 2/28/07.

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** That Substitute Senate Bill No. 5729 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Carrell, Fairley, Kastama, Kohl-Welles, Marr and Parlette.

**Staff:** Rhoda Donkin (786-7465)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Elaine Deschamps (786-7441)

**Background:** Public Health Activities and Funding: Public health services in Washington are provided through the Washington State Department of Health or through the 35 local health jurisdictions. The activities of these agencies are generally divided into five categories, including preventing and responding to communicable disease; protecting people from environmental health threats; assessing health status; promoting health and preventing chronic disease; and accessing health services.

In fiscal year 2004, \$590 million was spent in Washington on public health activities. This includes funding from federal, state, local, and fee sources. When adjusted for inflation and population growth, between 1998 and 2004 spending on public health grew 18 percent. Seventy percent of this increase in spending was attributable to increases in federal spending. Thirteen percent of the increase was the result of increased user fees.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Joint Select Committee on Public Health Finance: In 2005, the Legislature passed HCR 4410 which created the Joint Select Committee on Public Health Finance (Select Committee). The Select Committee was comprised of eight legislators from the health policy and fiscal committees of both chambers of the House of Representatives and the Senate. The Select Committee was assigned the responsibility of reviewing all funding sources and expenditures for public health services and recommending potential sources of future funding.

Cigarette Tax: Cigarettes are subject to a tax rate of \$2.025 per package of 20 cigarettes. Revenue from the first 23 cents of the cigarette tax goes to the General Fund. The next eight cents are dedicated to water quality improvement programs through June 30, 2021, and to the General Fund thereafter. The next 101 cents goes to the Health Services Account. The next 10.5 cents are dedicated to the violence prevention and drug enforcement account. The remaining 60 cents goes to the education legacy trust account.

**Summary of Bill:** Local Public Health Financing Account: The Local Public Health Financing Account (Account) is created in the State Treasury. The Account is funded by redirecting the portion of cigarette taxes sent to the General Fund. Spending from the Account is subject to appropriation.

Beginning January 1, 2008, all local health jurisdictions must receive an equal amount of funding that must be used to retain at least two full-time equivalent positions. The employees hired with these funds must be assigned to working on core public health functions of statewide significance. The sum of \$5,425,000 is to be distributed in January of each year for this purpose.

The funds remaining after the distribution for the employees must be spent in four ways. Sixty-seven percent of the funds are to be distributed to local health jurisdictions on a per capita basis. Sixteen percent of the funds are to be deposited into the Local Core Public Health Incentive Account and distributed to local health jurisdictions based on the difference between funding spent by the jurisdiction in the prior calendar year and the base year of 2006. Seven percent of the funds are to be deposited into the Local Core Public Health Incentive Account and distributed to local health jurisdictions that exceeded the median per capita local public health funding for the previous year. Qualifying jurisdictions may receive the per capita spending difference between the jurisdiction and the median jurisdiction multiplied by the number of residents within the jurisdiction.

Lastly, ten percent of the funds are to be deposited into the Innovative Local Public Health Services Account. The funds are to be distributed by the Department of Health to multicounty health districts or two or more local health jurisdictions acting jointly. The Department must give priority to applications from those counties that are establishing multicounty health districts with lesser priority to jurisdictions that are merely consolidating resources or health services with other jurisdictions.

Funds from the Account are to be spent on core public health functions of statewide significance. These functions are defined as health services related to communicable diseases, public health emergencies, chronic disease, healthy families and children, health assessment, and environmental health. The health services must either promote uniformity across local health jurisdictions, increase the overall strength of the public health system, or apply to broad

public health efforts. In addition, the health services must be of a nature that if they are left neglected, they are likely to impact counties beyond the local health jurisdiction.

Public Health Improvement Committee: The Public Health Improvement Committee (Committee) is established consisting of 16 members appointed by the Governor. The Committee's membership includes representatives of local public health officials, local board of health members, the State Board of Health, the University of Washington School of Public Health and Community Medicine, nonprofit organizations addressing public health, experts in medical or public health guidelines, community clinics, tribes, large employers, local emergency management agencies, physicians, the Department of Health, and the public.

The Committee is to share responsibilities with the Department of Health for developing the Public Health Improvement Plan. By April 1, 2008, the Committee must develop a list of activities and services that qualify as core public health functions of statewide significance which are eligible for funding through the Account. By October 1, 2008, the Committee must develop performance measures applicable to the core public health functions. The performance measures must consider levels of performance that promote uniformity, consistency in national standards, and innovations in public health practice.

Funding from the Account is contingent upon local health jurisdictions complying with the performance measures and spending funds on core public health functions of statewide significance. The Secretary of Health must develop a schedule for reviewing compliance by each local health jurisdiction every two years. Local health jurisdictions that are not in compliance are provided one year to return to compliant status prior to the discontinuance of funds.

The Department must report to the Legislature and the Governor on the distribution of funds from the Account and the impact of the funds to improve compliance with performance measures and health status indicators. The report is due November 15, 2011.

**EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Health & Long-Term Care):** The substitute bill eliminates the components of the distributional formula related to the median spending by local health jurisdictions, annual spending that exceeds the previous years, and funding for multicounty collaboration. The distribution of \$5,425,000 is to be divided equally among all jurisdictions and is not dependent upon hiring two employees.

The Public Health Improvement Committee is eliminated. The list of activities and services that qualify as core public health functions of statewide significance and the performance measures are to be developed by the Department with an expanded group of interested parties that must be engaged in the process.

The November 2011 report by the Department is to be reported annually beginning November 2009. The report must also contain information relating to trends in public health performance over time.

**Appropriation:** None.

**Fiscal Note:** Requested on January 30, 2007.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony (Health & Long-Term Care):** PRO: Public health is the backbone of health in every community. It protects us from innumerable threats to our health, from the food in restaurants, to the water we drink, to the yearly flu outbreaks, to unpredictable emergencies. This provides a fair and sustainable way to fund the core services that make up the work of public health. If we don't support public health, we will pay even more in health care expenditures. The funding formula will help rural communities meet the public health demands in their areas. Funding for public health should also help diminish the huge health disparities in this state. This will also require adequate accountability for the funds spent in each public health jurisdiction.

**Persons Testifying (Health & Long-Term Care):** PRO: Don Briscoe, Deborah Bowden, Roberta Kowald, International Federation of Professional and Technical Engineers, Local 17; Ryan Spiller, Washington Health Foundation; W. Hector Bradley, M.D., Dr. Hugh Malony, Washington State Medical Association; Julia Patterson, King County Council; David Sullivan, Jefferson County Council; Gary Nelson, Snohomish County Council; John Wiesman, Clark County Public Health District; Barry Kling, Chelan Douglas Health District; David Fleming.

**Staff Summary of Public Testimony (Ways & Means):** PRO: Funding for our local public health system continues to erode and is in crisis. The task force work represents a start toward establishing a stable source of funding for public health. Prevention is a huge issue, the public health is the first line of defense for any diseases that affect the population. There is not enough staff to do the regular, ongoing work of disease control and immunizations. Our plan includes assuring that additional public health staff has the tools and resources to implement science-based programs.

**Persons Testifying (Ways & Means):** PRO: Senator Franklin, prime sponsor; John Wiesman, Clark County Public Health; David Flemming, Seattle-King County Public Health Dept., Eric Johnson, Washington State Association of Counties